

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL****FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

9 9 - 0 0 5

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

March 1, 1999

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

3-1-995/15/01Per conv. by N. BishopMDCH

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.252(b)

7. FEDERAL BUDGET IMPACT:

a. FFY 1999 \$ 44,261,210b. FFY 2000 \$ N/A

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, pp 2a, 2b, 2c, 2d

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-B, pp. 2a, 2b, 2c, 2d

10. SUBJECT OF AMENDMENT:

To establish the annual expenditure levels for special outpatient indigent pools for FY 1999.

11. GOVERNOR'S REVIEW (Check One):

- ☒
- GOVERNOR'S OFFICE REPORTED NO COMMENT
-
- ☐
- COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
-
- ☐
- NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

James K. Haveman, Jr.

14. TITLE:

Director

15. DATE SUBMITTED:

4.5.99

16. RETURN TO:

Michigan Department of Community Health
Medical Services Administration
P.O. Box 30479
Lansing, MI 48909-7979**FOR REGIONAL OFFICE USE ONLY**17. DATE RECEIVED: 6/8/9918. DATE APPROVED: 6/6/01**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

3-1-99

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

Cheryl A. Harris

22. TITLE: Associate Regional Administrator
Division of Medicaid and Children's Health

23. REMARKS:

RECEIVED

JUN 08 1999

DMIO - MICHIGAN

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Michigan
POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(OTHER THAN INPATIENT HOSPITAL AND LONG TERM CARE FACILITIES)

Eligible hospitals will receive a proportional share from a special indigent pool. A total of \$44,012,800 will be distributed in periodic payments between January 15, 1998 and September 30, 1998.

The pool will be distributed based on each hospital's indigent charges from the hospital's fiscal year ending between October 1, 1995 and September 30, 1996. There will be no settlement of adjustment of the amounts paid. To be eligible a hospital must meet all of the following criteria:

1. Outpatient indigent charges must be at least \$20 million during the hospital's fiscal year ending between October 1, 1995 and September 30, 1996; and
2. Outpatient indigent volume (indigent charges divided by total outpatient charges must be at least 10%; and
3. The hospital must not receive any Michigan Medicaid inpatient disproportionate share payments during the State fiscal year 1998.

3/1/99 Between March 1, 1999 and September 30, 1999, qualifying children's hospitals will share in an outpatient adjustor pool of \$695,000.

3/1/99 Eligibility for the pool is restricted to freestanding children's hospital's that have incurred outpatient charges in excess of \$40 million (for hospital fiscal years ending between October 1, 1996 and September 30, 1997). These data have been subject to review and appeal and will not be changed.

3/1/99 The pool of up to \$695,000 will be distributed to eligible freestanding children's hospitals based on payments for services provided during state fiscal year 1997 (excluding the special indigent pool payments). Each eligible hospital will share in the pool proportionately using the ratio of the hospital's fiscal year (FY) 1997 Title XIX outpatient charges (updated for inflation to September 30, 1997) to the sum of FY 1997 Title XIX outpatient charges for qualifying hospitals.

3/1/99 Between March 1, 1999 and September 30, 1999, qualifying public hospitals will share in an outpatient adjustor pool of up to \$350 million.

3/1/99 Eligibility for the pool is restricted to public hospitals with outpatient indigent volume of at least 32% and have incurred outpatient indigent charges of at least \$35 million (for hospital fiscal years ending between October 1, 1996 and

TN No. 99-05 Approval _____ Effective Date 3-1-99

Supersedes

TN No. 98-08 5/18/01
 conv w/ NBishop
 PAM

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Michigan
POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(OTHER THAN INPATIENT HOSPITAL AND LONG TERM CARE FACILITIES)

September 30, 1997). These data have been subject to review and appeal and will not be changed.

- 3/1/99 The pool of up to \$350 million will be distributed to eligible public hospitals based on payments for services provided during state fiscal year 1997 (excluding the special indigent pool payments). Each eligible hospital will share in the pool proportionately using the ratio of the hospital's fiscal year (FY) 1997 Title XIX outpatient charges (updated for inflation to September 30, 1997) to the sum of FY 1997 Title XIX outpatient charges for qualifying hospitals.
- 3/1/99 For purposes of the pools described above, the outpatient hospital charge limit is applied in the invoice processing system. Each outpatient claim is reimbursed the lesser of the fee screen based payments or actual charges. Claim line reimbursement in the invoice processing system does not include any special indigent pool payments; these are made in a separate payment.
- 3/1/99 The Medicaid outpatient payment by subprovider is limited to a maximum of the Medicaid costs for that subprovider. The cost limit test is applied to all payments, excluding any special indigent pool payments.
- 3/1/99 Medicaid outpatient hospital reimbursement to any single hospital will be allowed to exceed the hospital's Medicaid outpatient charges and the Medicaid payment may exceed a hospital's outpatient cost. The special indigent payments made under this provision will be exempt from the outpatient hospital charge and cost limits.
- 3/1/99 Aggregate Medicaid reimbursement to Michigan outpatient hospitals (including the special indigent pools) will not be allowed to exceed the federally imposed upper limit for outpatient services, including physician services, provided to Michigan recipients. To correct for differing hospital fiscal year end dates, this test will be made based on hospital fiscal years ending between October 1, 1996 and September 30, 1997 updated for inflation to a common point in time (i.e. September 30, 1999). If the upper limit is exceeded, the size of the special indigent pool will be reduced by the amount in excess of the upper limit. If the upper limit test supports the claim that Medicaid's total payment is less than what the Medicare payment would have been for comparable services under comparable circumstances, the amount up to the upper limit may be dispersed to the qualifying hospitals.

TN No. 99-05

Approval _____

Effective Date 3-1-99

Supersedes

TN No. 98-02

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Michigan
POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(OTHER THAN INPATIENT HOSPITAL AND LONG TERM CARE FACILITIES)

3/1/99 The State provides a Vaccine Replacement Program (VRP). Vaccines are provided free to enrolled Medicaid providers on a replacement basis to immunize Medicaid eligibles. Providers are reimbursed an enhanced administration fee to encourage their participation. Providers may also request the manufacturer's cost of vaccine if they elect not to participate in the VRP. The department establishes the reimbursement rate for purchased vaccine by allowing the lowest most commonly available cost to purchase the product in multiple dose units plus a nominal administration fee.

Outpatient hospital psoriasis treatment centers are reimbursed a rate based on estimated and historical costs of psoriasis treatment centers certified by the Medical Services Administration. Reimbursement will be the lesser of the hospital's charges or the established Medicaid rate for the treatment episode. The rate includes all services that may be provided to the recipient, except physician services. Physician services are reimbursed separately as clinic visits. Outpatient hospital psoriasis services rendered to recipients who do not meet the specified admission criteria for the psoriasis treatment centers are reimbursed under the current fee for service system.

4. Home Health Agency Services

Reimbursement to home health agencies is made in accordance with Medicaid's maximum fee screens or the home health agency's usual and customary charge (acquisition cost for medical supply items), whichever amount is less.

5. Rural Health Clinic Services

Payments for "provider clinics" will be on the basis of Medicare regulations in part 405, support D, 42 CFR. Payments for non "provider clinics" will be based on the Medicare cost rate per visit for rural health clinic services. Payment for other ambulatory services will be made on the basis of reasonable charges, as defined in 1. above.

TN No. 99-05

Approval _____

Effective Date 3/1/99

Supersedes

TN No. 47-24 98-08 per N. Bishop
5/18/01

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Michigan
POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(OTHER THAN INPATIENT HOSPITAL AND LONG TERM CARE FACILITIES)

3/1/99 [Page Deleted]

TN No. 99-05

Approval _____

Effective Date 3/1/99

Supersedes

TN No. 97-21